

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 07458 01 OF 02 241413Z

50

ACTION L-03

INFO OCT-01 NEA-14 ISO-00 A-01 FBO-08 JUSE-00 AGR-20

USIA-15 PA-04 PRS-01 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 SAM-01

IO-14 DRC-01 FRB-03 SWF-02 SCA-01 SCS-03 /168 W

----- 127711

R 241315Z SEP 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9143

LIMITED OFFICIAL USE SECTION 1 OF 2 CAIRO 7458

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: MODALITIES OF PURSUING US CLAIMS AGAINST GOE

REF: STATE 186076 AND 205085

1. AM CHAGRINED AT OUR FAILURE TO COMMENT ON STATE 186076. I WAS UNDER IMPRESSION WE HAD DONE SO, BUT WE SEEM UNABLE FIND ANY RECORD OF SUCH REPLY. ACCORDINGLY, OUR VIEWS ON BOTH REFTELS ARE SET FORTH BELOW:

2. GENERAL: A FEW GENERAL OBSERVATIONS ARE IN ORDER. AS INDICATED IN PREVIOUS MESSAGES, I AM ANXIOUS TO EFFECT THE EARLIEST POSSIBLE SETTLEMENT OF BOTH OFFICIAL AND PRIVATE CLAIMS, BUT IN PURSUANT THIS OBJECTIVE WE SHOULD ALWAYS BEAR IN MIND THAT PERTINENT NEGOTIATIONS CANNOT BE CONDUCTED IN A POLITICAL VACUUM. INSTEAD, THEY MUST TAKE INTO ACCOUNT OUR OVERRIDING CONCERN THAT EGYPT CONTINUE TO BE ENCOURAGED TO COOPERATE IN THE DIFFICULT PEACEMAKING PROCESS IN WHICH USG AT ITS HIGHEST LEVELS IS INVOLVED. A PART OF THIS PROCESS IS ENCOURAGING CONSTRUCTIVE EGYPTIAN ECONOMIC DEVELOPMENT IN ORDER TO CREATE A VESTED INTEREST IN THE MAINTENANCE OF PEACE. IN THESE CONTEXTS,

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 07458 01 OF 02 241413Z

WE SHOULD ASK FOR SETTLEMENT OF OUR CLAIMS, BUT DO SO IN

A COOPERATIVE, SYMPATHETIC AND UNDERSTANDING MANNER RATHER THAN AS LEGAL ADVERSARY PROCEEDINGS. WE SHOULD ALSO UNDERSTAND GOE IS FRANKLY TEPID ON THE WHOLE IDEA, EVEN THOUGH IT ACCEPTED OUR PROPOSAL FOR A JOINT CLAIMS COMMITTEE. GIVEN ITS CHRONIC HARD CURRENCY SHORTAGE, IT MAY BE EXPECTED TO BE CAUTIOUS ABOUT ANY NEGOTIATION WHOSE NET RESULT WILL ADD TO ITS LIABILITIES. EQUALY SIGNIFICANT, GOE WILLINGNESS TO SETTLE OUR CLAIMS, ESPECIALLY THOSE IN THE PRIVATE SECTOR, IS LIKELY TO BE IN DIRECT PROPORTION TO THE EXTENT AND TIMING OF USG ECONOMIC ASSISTANCE THAT IT RECEIVES. WE ARE MINDFUL OF THE FACT THAT FAILURE WILL RESULT IN ADVERSE CONGRESSIONAL REACTION AND TO SOME EXTENT SO ARE EGYPTIANS. BUT UNLESS TANGIBLE US AID IS IN FACT FORTHCOMING, GOE WILL TEND TO FUZZ THE RELATIONSHIP BETWEEN THE TWO.

3. PUBLIC VS PRIVATE CLAIMS: TITLE OF JOINT GROUP AS USED IN GOE-ISSUED ANNOUNCEMENT OF JULY 13 IS "COMMITTEE" (CAIRO 5136). DEPT'S ATTENTION IS INVITED TO THE FACT GOE STATEMENT REFERS SOLELY TO "COMPENSATION OF AMERICAN NATIONALS FOR THEIR PROPERTY IN EGYPT, " I.E. PRIVATE CLAIMS. THIS IS CONSISTENT WITH DEPT'S PROPOSAL ON BASIS OF WHICH I FIRST DISCUSSED SUBJECT WITH HEGAZI (CAIRO 5066 AND STATE 146298). THIS DOES NOT NECESSARILY MEAN EGYPTIANS WOULD BE UNWILLING USE JOINT COMMITTEE FOR OFFICIAL CLAIMS, BUT WE SHOULD FIRST ASSURE OURSELVES THAT SUCH COMMITTEE APPROACH IS THE MOST EXPEDITIOUS MEANS TO MEET SETTLEMENT OF OFFICIAL US CLAIMS. PERHAPS EGYPTIANS WILL WANT IT DONE IN THAT FORM, BUT ALTERNATIVE FOR HANDLING OF OFFICIAL CLAIMS IS SIMPLY ASK MFA TO BEGIN NEGOTIATIONS WITH US ON COMPENSATION FOR USG CLAIMS.

4. OFFICIAL CLAIMS: WE CONCUR IN PROPOSAL THAT OFFICIAL CLAIMS TALKS SHOULD COME FIRST AND WOULD LIKE TO BEGIN THESE AS SOON AS FEASIBLE. SOME OF THE OFFICIAL USG CLAIMS I.E. USIS BUILDING CAIRO, SHOULD HOPEFULLY BE RELATIVELY EASY TO REACH SINCE AS EARLY AS MAY 1967 (JUST BEFORE OUTBREAK OF HOSTILITIES), EGYPTIANS WERE READY TO GIVE US TITLE TO ANOTHER BUILDING OF APPROXIMATELY EQUAL VALUE FOR OUR DAMAGED USIS BUILDING. SEVERENCE OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 07458 01 OF 02 241413Z

DIPLOMATIC RELATIONS IN JUNE 1967 PREVENTED THIS TRANSFER, BUT WE HAVE HAD THAT BUILDING EVER SINCE, ARE NOW PUTTING THE NEW USIS LIBRARY INTO IT, AND ARE ANXIOUS TO GET FORMAL TRANSFER OF TITLE MADE TO US ASAP. OUR SEVERAL ALEXANDRIA PROPERTY CLAIMS WILL ALSO PROBABLY BE ACCEPTED IN PRINCIPLE, THOUGH WE WOULD EXPECT SOME PROBLEMS WITH PORT SAID AND FOOD FOR PEACE CLAIMS. IN THE CASE OF PORT SAID, EGYPTIANS APPARENTLY TOOK OVER THE BUILDING

AS ABANDONED PROPERTY WHEN WE LEFT IN JUNE 1967, AND
WE HAVE ALREADY SUBMITTED NOTE TO MFA POINTING OUT THAT
WE DID NOT ABANDON THAT PROPERTY IN THE LEGAL SENSE OF
THE TERM AND ASKING THAT IT BE RETURNED TO US SOONEST.
DO NOT KNOW EXACTLY WHAT IS INVOLVED IN FOOD FOR PEACE
CLAIM AND HAVE NO OBJECTION TO SUBMITTING IT, BUT CONSIDER
PROSPECTS OF SETTLEMENT OF THIS ONE AS DUBIOUS. IN
CASE OF POSSIBLE USN CLAIMS, DEPT SHOULD BE AWARE THAT
THERE MAY ALSO BE PRIVATE AND OFFICIAL EGYPTIAN COUNTER
CLAIMS FOR LIABILITIES ALLEGEDLY BORNE BY THE EGYPTIAN
SIDE. CONSIDER IT ESSENTIAL, HOWEVER, THAT WE SUBMIT
ALL USG CLAIMS TOGETHER AND NOT PIECEMEAL. THE LATTER
WILL SIMPLY BE REGARDED AS HARRASSMENT AND SOUR THE WHOLE
ATMOSPHERE. WE WOULD THINK THAT BY NOW USG SHOULD HAVE
ALL OF ITS DUCKS IN A ROW ON USG OFFICIAL CLAIMS AND BE
READY TO PRESENT THAT PACKAGE.

5. MODALITIES: AS INDICATED ABOVE, WE WILL SOUND OUT GOE
ON HOW IT WISHES TO HANDLE OFFICIAL USG CLAIMS TALKS.
WE ARE DOUBTFUL THAT INFORMAL APPROACH SUGGESTED PARA 5
STATE 186076 WILL BE PRODUCTIVE IN ABSENCE SOMETHING TO
PEG THIS ON, E.G. SKELETON LIST, BUT WE WILL PUT IT TO
MFA. HEGAZI, WHO IS EXPECTED SHORTLY TO BE NAMED PRIME
MINISTER, IS BUSY ORGANIZING HIS NEW GOVERNMENT AND IS
UNLIKELY TO BE ABLE TO FOCUS ON THIS MATTER IN NEAR
FUTURE. MINFINANCE ABDUL FATAH IS, UNFORTUNATELY,
HOSPITALIZED WITH SERIOUS HEART ATTACK. IN ABSENCE
FAHMY, WE PROPOSE FIRST APPROACH MFA UNDER SECY ABDUL
GHAFFAR, WHO IS RESPONSIBLE FOR AMERICAN AFFAIRS, AND
WILL AT THAT TIME ALSO ASK FOR COPIES OF PERTINENT
EGYPTIAN LAWS. THESE MAY NOT BE READILY AVAILABLE. IF

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 CAIRO 07458 02 OF 02 241424Z

50
ACTION L-03

INFO OCT-01 NEA-14 ISO-00 A-01 FBO-08 JUSE-00 AGR-20

USIA-15 PA-04 PRS-01 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 SAM-01

IO-14 DRC-01 FRB-03 SWF-02 SCA-01 SCS-03 /168 W

----- 127841

R 241315Z SEP 74
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 9144

LIMITED OFFICIAL USE SECTION 2 OF 2 CAIRO 7458

THERE IS NO ADEQUATE REPRESENTATIVE, DEPT MAY WISH
AUTHORIZE US TO ENGAGE LOCAL LEGAL ASSISTANCE TO OBTAIN
THESE LAWS. ADDITIONALLY, RATHER THAN ASK THE EGYPTIANS
WHAT PROCEDURES THEY PREFER, RECOMMEND WE GIVE
THEM THE PROCEDURES WE WOULD LIKE TO HAVE FOLLOWED AND ON
THE BASIS OF THEIR COMMENTS MAKE ANY MODIFICATIONS THAT
MAY BE DESIRABLE.

6. COMPOSITION: COMPOSITION OF US SIDE, PROPOSED PARA
2, STATE 205085 GENERALLY SATISFACTORY. HOWEVER, IN VIEW
SMALL SIZE EMBASSY STAFF, WE WILL NEED TDY HELP FROM L
FOR ANY PROTRACTED TALKS. FSO JOHN G. KORMANN IS
EMBASSY OFFICER SPECIFICALLY DESIGNATED TO HANDLE CLAIMS.

7. TIMING: NOTWITHSTANDING OUR DESIRE TO BEGIN EXPEDI-
TIOSLY, WE DO NOT CONSIDER IT POSSIBLE TO DO SO ON
OCT 7 AND SUGGEST APPROXIMATELY ONE MONTH LATER.
EGYPTIAN "VICTORY" CELEBRATIONS BEGIN OCT 6 AND LAST
SEVERAL DAYS. ADDITIONALLY, WE EXPECT HIGH RANKING USG
VISITORS IN THAT WEEK. FINALLY, THE PERIOD BEGINNING
OCT 7 INAUGURATING LAST TEN DAYS OF RAMADAN, WHEN
NATIONAL LASSITUDE IS AT ITS GREATEST, AND FOUR DAY
ID AL-FITR CELEBRATIONS BEGIN OCTOBER 16 OR 17.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 07458 02 OF 02 241424Z

IMMEDIATELY THEREAFTER WE HAVE A SERIES OF JWG MEETINGS
IN CAIRO WHICH MUST BE SERVICED AND WHICH WILL LAST
THROUGH THE END OF OCTOBER. IN CIRCUMSTANCES, SHOOTING
FOR A NOVEMBER DATE WOULD SEEM TO BE A MORE REALISTIC
TARGET. THERE IS NOT NEED FOR AN L REPRESENTATIVE TO
ARRIVE UNTIL TALKS ACTUALLY TAKE PLACE.

8. DOCUMENTATION: MEANWHILE, PLEASE - A) LET US HAVE
FULL LIST OF USG CLAIMS AND SUPPORTING DOCUMENTATION
ASAP AND B) SKELETAL LIST OF PRIVATE CLAIMS SO THAT WE
CAN TURN IT OVER TO HEGAZI. WITHOUT THE LATTER, WE MAY
BE SURE EGYPTIANS WILL DO NOTHING ABOUT PRIVATE CLAIMS.
EILTS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBTS, NEGOTIATIONS, POLITICAL SITUATION, PEACE PLANS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CAIRO07458
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740268-0609
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740920/aaaaaqqt.tel
Line Count: 218
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION L
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 186076 AND 205085
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by cunninfo>; APPROVED <05 MAR 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MODALITIES OF PURSUING US CLAIMS AGAINST GOE
TAGS: EFIN, EG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005